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Supreme Court of the United States

OCTOBER TERM, 1942.

No. 409

UNITED STATES GAUGE COMPANY, *Petitioner,*

v.

PENN ELECTRIC SWITCH COMPANY, *Respondent.*

PETITION FOR WRIT OF CERTIORARI AND BRIEF IN SUPPORT THEREOF.

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UNITED STATES GAUGE COMPANY, *Petitioner,*

v.

PENN ELECTRIC SWITCH COMPANY, *Respondent.*

PETITION FOR WRIT OF CERTIORARI.

May it please the Court:

The petition of the United States Gauge Company shows to this Honorable Court:

A.

SUMMARY STATEMENT OF THE MATTER INVOLVED.

Respondent brought this declaratory judgment suit (R. 2) against petitioner, a Pennsylvania corporation, in the District Court of the United States for the Northern District of Illinois, Eastern Division. The suit sought a decree that claim 5 of petitioner's patent was void and had not been infringed by respondent. Petitioner challenged the venue of

the action by a timely motion. (R. 10) The motion was denied. (R. 21)

Petitioner then answered and counterclaimed for infringement of said patent. (R. 22) The case was tried on its merits in due course. The District Court held that respondent had infringed said patent, if valid; but ruled that the claim of the patent in suit was void for lack of invention. (R. 282)

Petitioner submitted certain proposed findings of fact at the conclusion of the trial. (R. 297, 298, 299) The District Court refused to adopt said findings (R. 301) though many of them related to matters, which, under the great weight of authority, were evidence that the exercise of the inventive faculty was required to produce the patented device.

Petitioner appealed to the Circuit Court of Appeals and, among other things, urged error by the District Court in its ruling on petitioner's attack on the venue of the action; and in the refusal of that Court to make the findings of fact proposed by petitioner and asserted to evidence invention. (R. 308) The Circuit Court of Appeals affirmed the ruling of the District Court on the venue point, and held that "evidence of inventive genius" was not manifest in the work of the inventor, who had assigned his rights to petitioner. (R. 501)

B.

REASONS RELIED ON FOR THE ALLOWANCE OF THE WRIT.

Point 1. The Circuit Court of Appeals made a finding that petitioner has "a regular and established place of business" in Chicago. (R. 503) This shows that the Court regarded the Act of Congress, March 3, 1897, c. 395, 29 Stat. 695; March 3, 1911, c. 231, § 48, 36 Stat. 1100 (28 U. S. C. Sec. 109),* in which this language appears, as the statute determining the venue of a declaratory judgment suit concerning the scope and validity of a patent. The weight of

* Printed in appendix.

previous authority was that the general venue statute, Sec. 51, R. S. § 739; Act of Congress March 3, 1875, c. 137, § 1, 18 Stat. 470; March 3, 1887, c. 373, § 1, 24 Stat. 552; Aug. 13, 1888, c. 866, § 1, 25 Stat. 433; Mar. 3, 1911, c. 231, § 51, 36 Stat. 1101; Sept. 19, 1922, c. 345, 42 Stat. 849; March 4, 1925, c. 526, § 1, 43 Stat. 1264; April 16, 1936, c. 230, 49 Stat. 1213 (28 U. S. C. Sec. 112),* controls such cases. The same Court had previously so ruled in several cases. The point has never been passed on by this Court. The ruling in this case makes the law unsettled on an important question of federal law.

Point 2. The Circuit Court of Appeals held that, on the facts shown in this case, petitioner was subject to service of process in Illinois, the circumstance that petitioner was licensed to do business there being adverted to in this connection. (R. 503) It is presumed that the Court was of the view that petitioner had waived its right to object to venue under the authority of *Neirbo Company et al.* v. *Bethlehem Shipbuilding Corporation, Ltd.*, 308 U. S. 165. The District Court expressly so held, (R. 21) supporting respondent's contention to this effect and overruling petitioner in its assertion that the doctrine of said authority applied only to cases involving subject matter of which the Federal and State Courts have concurrent jurisdiction, that is, to cases in which the jurisdiction of the Federal Court depended only upon diversity of citizenship. Certain it is that jurisdiction in *Neirbo Company et al.* v. *Bethlehem Shipbuilding Corporation* arose because of the diversity of citizenship of the litigants. This is not such a case. The scope or extent of the waiver arising by compliance of a corporation with a State law requiring registration, as a prerequisite to doing business in said State, is unsettled, unless the decision in this case, which does not clearly discuss the matter, and does not refer to said authority, can be said to settle the law on this important point. Moreover, the law is further unsettled by the decision of the Circuit Court of Appeals for the

* Printed in appendix.

Seventh Circuit in *Heine Chimney Company* v. *Rust Engineering Company*, 12 F. (2d) 596, that registration under a State law does *not* amount to a waiver of the right to object to venue in a patent infringement suit in which Section 48 determines venue. To the same effect is *Endrezze* v. *The Dorr Company, Inc.*, 97 F. (2d) 46 (C. C. A. 9).

Point 3. So far as petitioner knows, there is no definition in the patent laws, or in the many decisions interpreting said laws, of what constitutes "invention". Yet it is clearly recognized that no art, machine, manufacture, or composition of matter, however novel, is patentable unless invention was required to discover or devise it. In the absence of a definition of "invention", the Courts have noticed certain criteria, symptoms or indicia and have held them to evidence "invention", such as (1) the existence of a prior long-felt and unsupplied want for the patented invention; (2) unsuccessful attempts to fulfill said want over a long period of time; (3) recognition by the art of the merit of the invention by widespread adoption of the invention when available; (4) subsequent extension of the use of the invention by manufacturers generally throughout the United States; (5) adoption on a national scale because of the merit of the patented invention, rather than because of extensive advertising; and (6) acquiescence of the validity of the patent by respect therefor by the trade concerned generally. The existence of these criteria, symptoms or indicia of invention are submitted to have been proven in this case. (R. 297, 298, 299) Yet, it was held that the patent in suit was void for lack of invention. (R. 282, 506) It has never been expressly ruled that said evidences of invention, when established, rather than the hindsight view of the Court, should determine any issue of invention in favor of the patent, though petitioner submits that the great weight of authority implies that such is the rule. In ruling that the patent in suit lacked "invention", under the facts of this case the Court departed from the accepted and usual course of judicial procedure to such extent as to call for an exercise of this Court's power of supervision.

WHEREFORE, Your Petitioner respectfully prays that a Writ of Certiorari be issued out of and under the seal of this Honorable Court, directed to the Circuit Court of Appeals for the Seventn Circuit, commanding that Court to certify and to send to this Court for its review and determination a full and complete transcript of the record and all proceedings in the case numbered and entitled on its Docket No. 7872, *Penn Electric Switch Company, Plaintiff-Appellee,* versus *United States Gauge Company, Defendant-Appellant,* and that the said decree of the Circuit Court of Appeals for the Seventh Circuit may be reversed by this Honorable Court, and that your Petitioner may have such other and further relief in the premises as to this Honorable Court may seem meet and just.

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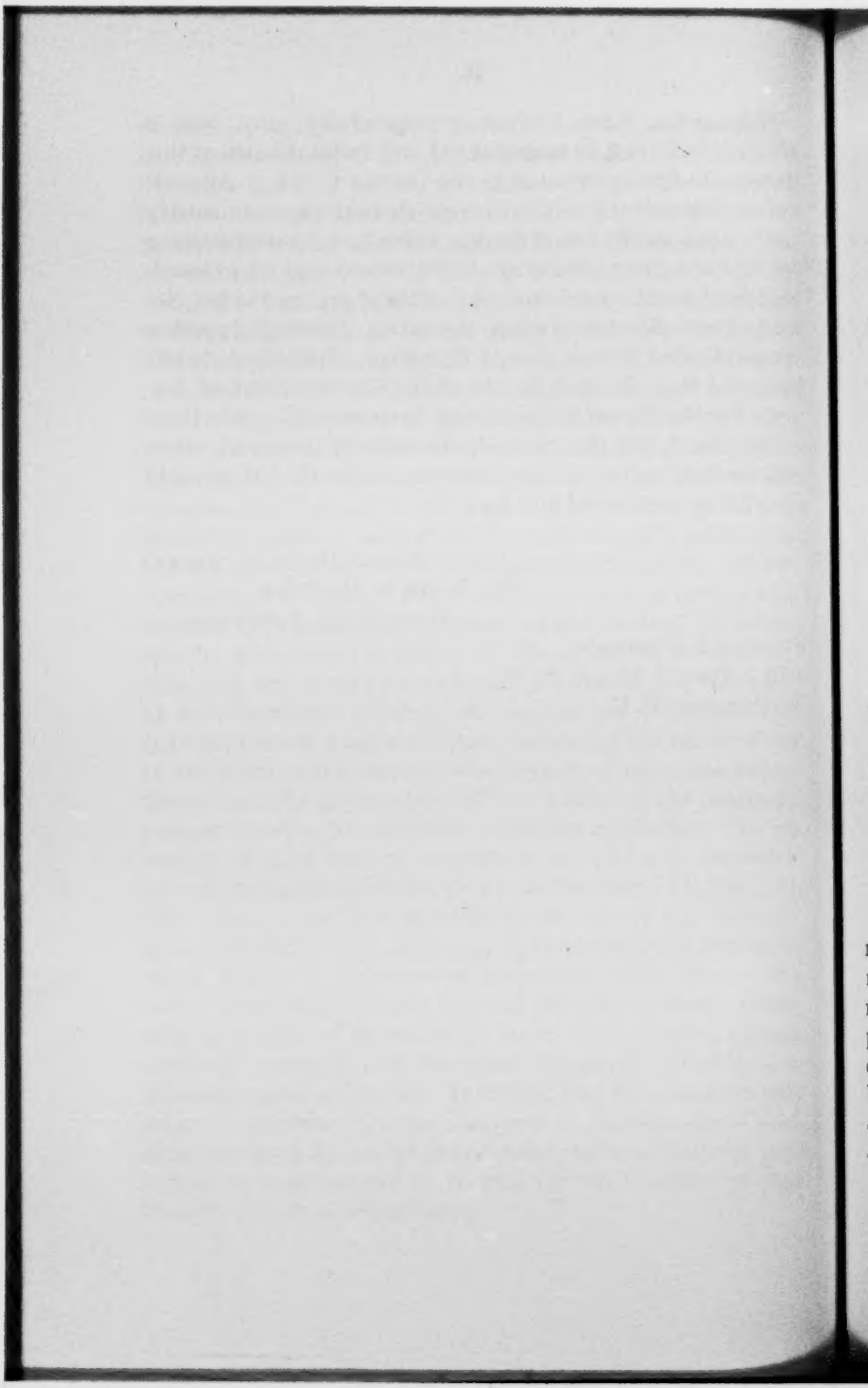

Supreme Court of the United States

October Term, 1942.

No. .....

United States Gauge Company, *Petitioner*,

v.

Penn Electric Switch Company, *Respondent*.

BRIEF IN SUPPORT OF PETITION FOR WRIT OF CERTIORARI.

I.

THE OPINIONS OF THE COURTS BELOW.

The opinion of the Seventh Circuit Court of Appeals is not officially reported but appears at pages 501-506 of the record. The opinion of the District Court on petitioner's motion challenging the venue of the case has not been reported. It appears on page 21 of the record. The opinion of the District Court on the merits is not officially reported, but appears at pages 282 to 289 of the record. The findings of fact and conclusions of law appear at pages 289 to 294 of the record.

II.

JURISDICTION.

1. The jurisdiction of this Honorable Court is invoked under the Act of Congress, March 3, 1891, c. 517, § 6, 26 Stat. 828; March 3, 1911, c. 231, § 240; 36 Stat. 1157; Feb. 13, 1925, c. 229, § 1, 43 Stat. 938 (28 U. S. C., Sec. 347).

2. The date of the decree below is June 19, 1942. (R. 507)

3. This suit is a declaratory judgment suit, seeking a decree of invalidity and of non-infringement of claim 5 of United States patent No. 1,972,815 and other relief. The Circuit Court of Appeals sustained the District Court in its ruling, adverse to petitioner, that said claim of the patent in suit is void. In all other respects, the decree of the District Court was favorable to petitioner.

III.

STATEMENT OF THE FACTS ON THE CASE.

This case arose from a suit by respondent for a declaratory decree that claim 5 of petitioner's patent No. 1,972,815 is void; that said claim is not infringed by an Air Volume Control made and sold by respondent; and for damages for alleged unfair competition by petitioner against respondent in sending notices of infringement of said patent to the trade. (R. 2) The suit was filed in the District Court of the United States for the Northern District of Illinois, Eastern Division.

Petitioner, a corporation of Pennsylvania, is licensed to do business in the state of Illinois. It has a place of business at 804 Washington Street in Chicago, Illinois. This place of business, the Circuit Court of Appeals found is "a regular and established place of business". (R. 503) Service of process was on the person in charge of petitioner's business in Chicago.

Respondent is a corporation of Iowa, having a place of business and factory in Goshen, Indiana.

Petitioner moved to quash service and dismiss the bill on the ground that the venue of a declaratory judgment suit affecting a patent is determined by Section 51 of the Judicial Code, R. S. § 739; Act of Cong. Mar. 3, 1875, C. 137, § 1, 18 Stat. 470; Mar. 3, 1887, C. 373, § 1, 24 Stat. 552; Aug. 13, 1888, C. 866, § 1, 25 Stat. 433; Mar. 3, 1911, C. 231, § 51, 36 Stat. 1101; Sept. 19, 1922, C. 345, 42 Stat. 849; Mar. 4, 1925, C. 526, § 1, 43 Stat. 1264; Apr. 16, 1936, C. 230, 49 Stat. 1213 (28 U. S. C. Sec. 112); that said section provides that no civil suit shall be brought in any District Court in any other district than that of which defendant is an inhabitant, except in cases founded only on diversity of citizenship; that jurisdiction in this case was not founded only on diversity of citizenship; and that petitioner was not amenable to civil suit such as this in Illinois, but only in Pennsylvania whereof petitioner is an inhabitant. (R. 10)

Petitioner contended that it had not waived its right to object to venue, in a case such as this, by complying with the Illinois laws and registering to do business there; and that the ruling of this Honorable Court in *Neirbo Company et al.* v. *Bethlehem Shipbuilding Corporation, Ltd.*, 308 U. S. 165 could not properly be interpreted to apply to a case in which the jurisdiction of the Court depended upon the existence of a purely Federal question. The District Court ruled against petitioner on this point, and denied its motion. (R. 21)

The ruling of the District Court on the venue point was ultimately affirmed by the Circuit Court of Appeals for the Seventh Circuit on an appeal that also involved the merits of this case. (R. 503)

Upon denial of petitioner's motion to dismiss, directed to the matter of venue and another ground, not urged here, answer was duly filed. (R. 22) Said answer included a counterclaim against respondent seeking the customary relief for infringement of said patent No. 1,972,815.

After trial on the merits of the case the Court found that respondent had infringed claim 5 of petitioner's patent, if said claim is valid, but the claim was held void for lack of

invention. No merit was found in the unfair competition charge against petitioner. (R. 282)

Petitioner proposed findings of fact, warranted by the evidence, that the invention, of the claim in suit, had been adopted by substantially all household pumping system manufacturers to automatically control their water supply systems; that before the invention was available said systems were generally controlled manually; that the prior patented art showed that the existence of a want for such a device as the patented control was recognized as early as 1897; that unsuccessful attempts to provide a practicable air volume control had been made between 1897 and 1928 when the patented invention was made; that 769,656 controls had been sold without advertising but upon demonstration of the merit of the device to the engineers of manufacturers of household water supply systems; and that the rights claimed by petitioner had been generally acquiesced in except by respondent. (R. 297, 298, 299) The District Court refused to make said proposed findings. (R. 301-306)

On the appeal to the Circuit Court of Appeals, petitioner alleged error in the failure of the Court to adopt said findings (R. 309, 310) and urged that the facts, above alluded to, were the recognized indicia, criteria or symptoms of invention; that the District Court lacked authority in law to disregard said facts; that there was no evidence to support a conclusion of lack of invention; and that the Court acted arbitrarily and in disregard of precedents on the question of invention in so concluding. Respondent on the appeal did not deny the evidentiary support in the record for petitioner's proposed findings. Nevertheless the Circuit Court of Appeals affirmed on the ground of lack of invention. (R. 506)

SPECIFICATION OF ERRORS.

1. The Circuit Court of Appeals erred in finding and holding that the venue of a declaratory judgment suit concerning the validity and scope of a patent is fixed by the Act of Cong. Mar. 13, 1897, C. 395, 29 Stat. 695; Mar. 3, 1911, C. 231, § 48, 36 Stat. 1100 (28 U. S. C. Sec. 109).

2. The Circuit Court of Appeals erred in finding and holding that a corporation which registers to do business in a State in compliance with a law of that State has waived its right to object to venue in a case in which the general jurisdiction of the Court is not based only on the diversity of citizenship of the parties to the suit.

3. The Circuit Court of Appeals erred in basing its finding and holding of lack of invention in the concededly novel combination of the claim of the patent in suit on its hindsight judgment, rather than on the usual evidences of invention generally considered as determinative of any issue on the question of invention by this Honorable Court.

SUMMARY OF ARGUMENT.

Point 1. The district of which defendant is an inhabitant is submitted to be the proper district in which to bring a declaratory judgment suit respecting the scope or validity of a patent. Yet, this is not certain because of the fact that the Declaratory Judgment Act has no provision respecting venue, and the only venue section relating to patents (Sec. 48) is limited in terms to suits brought for infringement of letters patent. The great weight of authority, before the decision in this case, was that the venue of such a suit was to be determined by the general venue section (Sec. 51). The ruling in this case is contrary to earlier decisions in making venue dependent, at least in part, on the existence of a regular and established place of business of defendant in the district in which suit is brought. The point has never been passed on by this Court though it is an important federal question.

Point 2. This Court held, in *Neirbo Company* v. *Bethlehem Shipbuilding Corporation,* 308 U. S. 165, that a corporation may be sued in a state foreign to that of its incorporation, if it registered to do business there and appointed an agent for service of process. In that case the general jurisdiction of the Court was founded only on the fact that the action was between citizens of different states. Except for this fact the State Courts would have had jurisdiction of the controversy. It is uncertain whether a corporation can be sued in a state of which it is not an inhabitant with respect to a matter of which the federal jurisdiction is exclusive. The Court of Appeals apparently so held in this case without discussion of the important point involved. Yet this Court, in its opinion in the *Neirbo* case, limited the consent, to be implied from compliance with state law, to any Court that applies the laws of the state, and disclaimed any intention of subjecting federal procedure to requirements of state law. Moreover, the decision of this case seemingly overrules, without comment, earlier authorities that compliance with state laws did not constitute a waiver of the right to object to venue in patent cases. The ruling in this case thus further unsettles previously uncertain law on an important point of federal law.

Point 3. The evidence in this case shows a number of uncontroverted facts, which have been very frequently held to evidence invention, but upon which the District Court incorrectly refused to make findings of fact proposed by petitioner. Instead said Court arbitrarily held that no invention was required to evolve the patented combination, in an opinion which conceded its novelty. Petitioner was accordingly compelled to appeal without benefit of germane findings of fact, and the Circuit Court of Appeals affirmed the District Court's conclusion of lack of invention in the patented combination without reference to petitioner's assertion of error in not determining any issue with respect to invention on the facts adduced. Yet, the practice of determining invention or the lack of it from the factual situa-

tion existing before the invention, at the time the invention is made, and after the invention is offered to the public, is the mode of deciding patent cases that is generally followed. The departure in this case from the usual course of procedure warrants the exercise of this Court's power of supervision.

ARGUMENT.

Point 1. The venue for a declaratory judgment suit affecting a patent is properly fixed by general venue provisions of Section 51 of the Judicial Code, and is the district whereof defendant is an inhabitant.

The proper venue for a declaratory judgment suit affecting patents is uncertain, and made more uncertain by the ruling of the Court in this case. The statutes relating to venue were promulgated before the Declaratory Judgment Act, Act of Cong., Mar. 3, 1911, C. 231, § 274d, as added June 14, 1934, C. 512, 48 Stat. 955, and amended Aug. 30, 1935, C. 829, § 405, 49 Stat. 1027 (28 U. S. C., Sec. 400) was passed. The latter merely provides that the petition for declaratory judgment shall be made to "a Court having jurisdiction to grant the relief."

The venue section relating to patents, Act of Cong., Mar. 3, 1897, C. 395, 29 Stat. 695; Mar. 3, 1911, C. 231, § 48, 36 Stat. 1100; (28 U. S. C., Sec. 109) is expressly limited to suits "brought for the infringement of letters patent." It has been held accordingly that the venue of a declaratory judgment suit relating to patents was fixed by Section 51 of the Judicial Code (28 U. S. C., Sec. 112) in *Webster Company* v. *Society for Visual Education, Inc.*, 83 Fed. (2nd) 47; *E. Edelmann and Company* v. *Triple-A Specialty Company*, 88 Fed. (2nd) 852; *Automotive Equipment, Inc.* v. *Trico Products Corporation, Inc.*, 10 F. S. 736; and *Dill Manufacturing Company* v. *Jenkins Brothers*, 38 U. S. P. Q. 31,* and is in the district whereof defendant is an inhabitant. The first two of the cases just referred to are

* This case does not appear in official reports.

rulings of the Circuit Court of Appeals for the Seventh Circuit.

In its decision in this case, the same Circuit Court of Appeals apparently ruled that Section 48 determined the venue of a declaratory judgment suit relating to a patent. For said Court expressly found, as a fact, (R. 503) that the place of business of petitioner in Chicago was "a regular and established place of business," a finding of relevance in this case only if said section, where the quoted language appears, applies.

Perhaps, the Court thought that the recent decision of this Court in *Stonite Products Company* v. *Melvin Lloyd Company,* 86 Law Ed. 683; 52 U. S. P. Q. 507, required departure from its previous rulings that Section 51 of the Judicial Code determined the venue of a suit to obtain a declaratory judgment as to the validity or infringement of a patent. We cannot so interpret the ruling of this Honorable Court in the latter case because the question there involved was merely whether or not Section 52 supplemented Section 48 of the Judicial Code.

The ruling in this case seems clearly in conflict with the weight of authority, is contradictory to rulings of the same Court in earlier cases, and leaves the law unsettled on an important federal question. For this reason, petitioner respectfully suggests that this case calls for the exercise of this Court's supreme authority.

Point 2. Compliance by petitioner with the laws of Illinois in registering to do business there and appointing an agent for service of process does not deprive it of the benefit of Section 51 of the Judicial Code, insofar as suits on purely Federal matters are concerned.

This Court decided in *Neirbo Company et al.* v. *Bethlehem Shipbuilding Corporation,* 308 U. S. 165, that a foreign corporation, which has designated a local agent for service of process in compliance with a condition imposed upon its admission to do business in the state, thereby surrenders the privileges conferred by Section 51 of the Judicial Code (28

U. S. C., Section 112) and is susceptible to suit in said state when Federal jurisdiction is founded only on the fact that the action is between citizens of different states.

This is not a case in which the general jurisdiction of the District Court is founded only on the fact that the action is between citizens of different states. General jurisdiction is derived from R. S. § 629, par. 9; Act of Cong., Mar. 3, 1911, C. 231, § 24, par. 7, 36 Stat. 1092 (28 U. S. C., Sec. 41, (7)* which provides that District Courts shall have original jurisdiction of all suits at law or in equity arising under the patent laws. This jurisdiction is made exclusive by R. S. § 711; Act of Cong., Mar. 3, 1911, C. 231, § 256, 36 Stat. 1160; Oct. 6, 1917, C. 97, § 2, 40 Stat. 395; June 10, 1922, C. 216, § 2, 42 Stat. 635)* (28 U. S. C., Sec. 371).

Petitioner does not interpret the ruling of this Court in *Neirbo Company et al.* v. *Bethlehem Shipbuilding Corporation* as justifying the holding made here that a corporation waives all benefits of the venue statutes by complying with a State law and appointing an agent for service of process. Petitioner's interpretation of said ruling is that the waiver, resulting from its act of appointing an agent for service of process, is effective only as to matters concerning which the State and Federal Courts have concurrent jurisdiction.

Petitioner's interpretation just stated is based in the first place, upon this Court's statement on page 171 that "The consent, therefore, extends to any Court sitting in the state which applies the laws of the state." The State laws are generally applied to matters of which the State and Federal Courts have concurrent jurisdiction.

In the second place, petitioner believes that its interpretation is correct, though contrary to the views of the Circuit Court of Appeals, because on page 175 this Court disclaimed any intention of "subjecting federal procedure to the requirements of New York law". If the ruling of the Circuit Court of Appeals in this case is correct, then, we

* Printed in appendix.

submit, the federal procedure in patent and like matters of exclusive federal jurisdiction is subject to the requirements of Illinois law.

That the law is regarded as unsettled insofar as the important question of venue in cases within the exclusive jurisdiction of the Federal Courts is concerned is shown by the opinions of Judge Chesnut of the District Court for the State of Maryland in *Vogel* v. *Crown Cork and Seal Company, Inc.*, 36 F. S. 74 and *Bennett* v. *Standard Oil Company of New Jersey*, 33 F. Supp. 871.

Petitioner submits further that the law as to the proper venue of a suit on a purely federal matter was unsettled by the ruling in this case which is contradictory to the rulings in such cases as *Heine Chimney Company* v. *Rust Engineering Company*, 12 F. (2d) 596, and *Endrezze* v. *The Dorr Company, Inc.*, 97 F. (2d) 46, both of which hold that a corporation that appoints an agent for acceptance of service of process in compliance with a State law does not thereby waive the venue privileges of Section 48 of the Judicial Code. The Court in this case ruled apparently that Section 48 applies to this case, and in finding consent to be sued in petitioner's compliance with Illinois law, it reached a conclusion directly contrary to that arrived at by the same Court in *Heine Chimney Company* v. *Rust Engineering Company*, and contrary to the Ninth Circuit Court of Appeals in *Endrezze* v. *The Dorr Company, Inc.*

Petitioner accordingly submits that the legal effect of the appointment of an agent for service of process by a corporation in compliance with a State law is unsettled as to cases under Section 48 of the Judicial Code, as well as to cases in which venue is determined by that portion of Section 51 of the Judicial Code that is not concerned with diversity of citizenship. Stated otherwise, the scope of the consent to be sued that is to be implied from the compliance with state laws under *Neirbo Company et al.* v. *Bethlehem Shipbuilding Corporation* has not been, but should be, settled by this Court.

Point 3. The fact situation in this case before the invention was made; at the time it was made; and after the invention was offered to the public, rather than a hindsight view having no substantial evidentiary support, equitably required a decision in favor of the patentee on the issue of whether invention was involved in devising the patented combination.

In *MacClain* v. *Ortmayer,* 141 U. S. 419, 427, this Court speaking of invention said:

> "* * * The truth is the word cannot be defined in such manner as to afford any substantial aid in determining whether a particular device involves an exercise of the inventive faculty or not. In a given case we may be able to say that there is present invention of a very high order. In another, we can see that there is lacking that impalpable something which distinguishes invention from simple mechanical skill. Courts, adopting fixed principles as a guide, have by a process of exclusion determined that certain variations in old devices do or do not involve invention; but whether the variation relied upon in a particular case is anything more than ordinary mechanical skill is a question which cannot be answered by applying the test of any general definition."

In this case, it has not been asserted that lack of invention was found because the device in controversy is merely one of those certain variations that have been frequently held not to involve invention. Such being the case, and there being no recognized definition of invention, petitioner submits that the District Court acted arbitrarily in refusing to make findings of fact bearing on the criteria, symptoms or factors which have been so frequently held to *affirmatively* evidence invention. The presumption certainly is that the Court did not consider said facts in reaching its conclusion adverse to petitioner. No contention was made by respondent that the evidence adduced by petitioner did not establish the facts, with reference to which the Court refused findings.

Petitioner respectfully suggests that the presentation of evidence as to the history, development and advance made in the art is a useless and futile matter, if it is proper for any trial Court to so completely disregard such evidence as to refuse to make findings fully warranted by uncontradicted and unchallenged witnesses produced in support of the patent in suit. Yet this was done in this case, and as a result petitioner was compelled to appeal to the Circuit Court of Appeals without any findings of fact whatsoever by the District Court on the very factors which have been so often regarded as decisive of the issue of invention. Petitioner respectfully suggests that the trial Court did not comply with Rule 52 of the Rules of Civil Procedure, and, as a result, it was compelled to appeal without any findings of fact, which, it is believed, would have required a decision of the issue of invention in favor of the patentee. It is significant, petitioner suggests, that the Court of Appeals referred to no evidence in the record to support its conclusion that no invention was required to evolve the novel combination of the patent in suit, and made no reference whatever to the facts adduced which, we submit, affirmatively indicated invention.

In *Eibel Process Company* v. *Minnesota and Ontario Paper Company*, 261 U. S. 45, 63, Chief Justice Taft said:

> "In administering the patent law the court *first** looks into the art to find what the real merit of the alleged discovery or invention is and whether it has advanced the art substantially. If it has done so, then the court is liberal in its construction of the patent to secure to the inventor the reward he deserves. * * *"

Evidently, in this case the patent laws were administered by *first* considering the patented invention as a matter of hindsight. In doing so a certain standard of invention arbitrarily held by the Court that tried the case must have been used. All evidence, which indicated that the invention was not obvious to a person skilled in the art as a matter of ac-

* Emphasis ours.

tual fact, was then regarded as immaterial and received no consideration.

That the criteria, symptoms or evidences of invention relied on by petitioner are those which generally receive consideration by the Courts is submitted to be clear from *Walker on Patents* (*Deller's Edition*), Volume 1, pages 119 to 135.

Petitioner respectfully submits accordingly that there has been such a departure from the accepted and usual course of judicial procedure as to call for the exercise of the power of supervision of this Honorable Court.

CONCLUSION.

It is therefore respectfully submitted that this case is one calling for the exercise by this Court of its supervisory powers and that to such end a writ of certiorari should be granted and this Court should review and reverse the decision of the Circuit Court of Appeals for the Seventh Circuit.

Respectfully submitted,

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STATUTES CITED.

U. S. CODE, TITLE 28—

Section 41. (Judicial Code, section 24, amended.) Original jurisdiction. The district courts shall have original jurisdiction as follows:

* * * * * *

(7) *Suits under patent, copyright, and trade-mark laws.* Seventh. Of all suits at law or in equity arising under the patent, the copyright, and the trade-mark laws. (R. S. § 629, par. 9; Mar. 3, 1911, c. 231, § 24, par. 7, 36 Stat. 1092.)

* * * * * *

Section 109. (Judicial Code, section 48.) Patent Cases. In suits brought for the infringement of letters patent the district courts of the United States shall have jurisdiction, in law or in equity, in the district of which the defendant is an inhabitant, or in any district in which the defendant, whether a person, partnership, or corporation, shall have committed acts of infringement and have a regular and established place of business. If such suit is brought in a district of which the defendant is not an inhabitant, but in which such defendant has a regular and established place of business, service of process, summons, or subpoena upon the defendant may be made by service upon the agent or agents engaged in conducting such business in the district in which suit is brought. (Mar. 3, 1897, c. 395, 29 Stat. 695; Mar. 3, 1911, c. 231, § 48, 36 Stat. 1100.)

* * * * * *

Section 112. (Judicial Code, section 51, amended.) Civil Suits; arrests in; district where brought; effective period.) (a) Except as provided in sections 113 to 117 of this title, no person shall be arrested in one district for trial in another in any civil action before a district court; and, except as provided in sections 113 to 118 of this title, no civil suit shall be brought in any district court against any person by any original process or proceeding in any other district than

that whereof he is an inhabitant; but where the jurisdiction is founded only on the fact that the action is between citizens of different States, suit shall be brought only in the district of the residence of either the plaintiff or the defendant; except that suit by a stockholder on behalf of a corporation may be brought in any district in which suit against the defendant or defendants in said stockholders' action, other than said corporation, might have been brought by such corporation and process in such cases may be served upon such corporation in any district wherein such corporation resides or may be found.

(b) Any civil suit, action, or proceeding brought by or on behalf of the United States, or by or on behalf of any officer of the United States authorized by law to sue, may be brought in any district whereof the defendant is an inhabitant, or where there be more than one defendant in any district whereof any one of the defendants, being a necessary party, or being jointly, or jointly and severally, liable, is an inhabitant, or in any district wherein the cause of action or any part thereof arose; and in any such suit, action, or proceeding, process, summons, or subpoena against any defendant issued from the district court of the district wherein such suit is brought shall run in any other district, and service thereof upon any defendant may be made in any district within the United States or the territorial or insular possessions thereof in which any such defendant may be found with the same force and effect as if the same had been served within the district in which said suit, action, or proceeding is brought. The word "district" and the words "district court" as used herein shall be construed to include the District of Columbia and the Supreme Court of the District of Columbia.

(c) Paragraphs (b) and (c) of this section shall be effective for a period of four years after September 19, 1922, after which paragraph (a) alone shall be and remain in full force and effect. (R. S. § 739; Mar. 3, 1875, c. 137, § 1, 18 Stat. 470; Mar. 3, 1887, c. 373, § 1, 24 Stat. 552; Aug. 13,

1888, c. 866, § 1, 25 Stat. 433; Mar. 3, 1911, c. 231, § 51, 36 Stat. 1101; Sept. 19, 1922, c. 345, 42 Stat. 849; Mar. 4, 1925, c. 526, § 1, 43 Stat. 1264; Apr. 16, 1936, c. 230, 49 Stat. 1213.)

* * * * * *

Section 347. (Judicial Code, section 240, amended.) Certiorari to circuit courts of appeals and Court of Appeals of District of Columbia; appeal or writ of error to Supreme Court from circuit courts of appeals in certain cases; other reviews not allowed.

(a) In any case, civil or criminal, in a circuit court of appeals, or in the Court of Appeals of the District of Columbia, it shall be competent for the Supreme Court of the United States, upon the petition of any party thereto, whether Government or other litigant, to require by certiorari, either before or after a judgment or decree by such lower court, that the cause be certified to the Supreme Court for determination by it with the same power and authority, and with like effect, as if the cause had been brought there by unrestricted writ of error or appeal.

(b) Any case in a circuit court of appeals where is drawn in question the validity of a statute of any State, on the ground of its being repugnant to the Constitution, treaties, or laws of the United States, and the decision is against its validity, may, at the election of the party relying on such State statute, be taken to the Supreme Court for review on writ of error or appeal; but in that event a review on certiorari shall not be allowed at the instance of such party, and the review on such writ of error or appeal shall be restricted to an examination and decision of the Federal questions presented in the case.

(c) No judgment or decree of a circuit court of appeals or of the Court of Appeals of the District of Columbia shall be subject to review by the Supreme Court otherwise than as provided in this section. (Mar. 3, 1891, c. 517, § 6, 26 Stat. 828; Mar. 3, 1911, c. 231, § 240, 36 Stat. 1157; Feb. 13, 1925, c. 229, § 1, 43 Stat. 938.)

* * * * * *

Section 371. (Judicial Code, section 256, amended.) Exclusive jurisdiction of United States courts. The jurisdiction vested in the courts of the United States in the cases and proceedings hereinafter mentioned, shall be exclusive of the courts of the several States:

First. Of all crimes and offenses cognizable under the authority of the United States.

Section. Of all suits for penalties and forfeitures incurred under the laws of the United States.

Third. Of all civil cases of admiralty and maritime jurisdiction, saving to suitors in all cases the right of a common-law remedy where the common law is competent to give it and to claimants for compensation for injuries to or death of persons other than the master or members of the crew of a vessel, their rights and remedies under the workmen's compensation law of any State, District, Territory, or possession of the United States.

Fourth. Of all seizures under the laws of the United States, on land or on waters not within admiralty and maritime jurisdiction; of all prizes brought into the United States; and of all proceedings for the condemnation of property taken as prize.

Fifth. Of all cases arising under the patent-right, or copyright laws of the United States.

Sixth. Of all matters and proceedings in bankruptcy.

Seventh. Of all controversies of a civil nature, where a State is a party, except between a State and its citizens, or between a State and citizens of other States, or aliens.

Eighth. Of all suits and proceedings against ambassadors, or other public ministers, or their domestics, or domestic servants, or against consuls or vice consuls. (R. S. § 711; Mar. 3, 1911, c. 231, § 256, 36 Stat. 1160; Oct. 6, 1917, c. 97, § 2, 40 Stat. 395; June 10, 1922, c. 216, § 2, 42 Stat. 635.)

* * * * * *

Section 400. (Judicial Code, section 274d.) Declaratory judgments authorized; procedure.

(1) In cases of actual controversy except with respect to Federal taxes the courts of the United States shall have power upon petition, declaration, complaint, or other appropriate pleadings to declare rights and other legal relations of any interested party petitioning for such declaration, whether or not further relief is or could be prayed, and such declaration shall have the force and effect of a final judgment or decree and be reviewable as such.

(2) Further relief based on a declaratory judgment or decree may be granted whenever necessary or proper. The application shall be by petition to a court having jurisdiction to grant the relief. If the application be deemed sufficient, the court shall, on reasonable notice, require any adverse party, whose rights have been adjudicated by the declaration, to show cause why further relief should not be granted forthwith.

(3) When a declaration of right or the granting of further relief based thereon shall involve the determination of issues of fact triable by a jury, such issues may be submitted to a jury in the form of interrogatories, with proper instructions by the court, whether a general verdict be required or not. (Mar. 3, 1911, c. 231, § 274d, as added June 14, 1934, c. 512, 48 Stat. 955, and amended Aug. 30, 1935, c. 829, § 405, 49 Stat. 1027.)

* * * * * *

IN THE

Supreme Court of the United States

OCTOBER TERM, 1942.

No. 409

UNITED STATES GAUGE COMPANY,
Petitioner,

vs.

PENN ELECTRIC SWITCH COMPANY,
Respondent.

BRIEF OF RESPONDENT IN OPPOSITION TO PETITION FOR CERTIORARI.

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MAY IT PLEASE THE COURT:

Penn Electric Switch Company, respondent, for its brief in opposition to the petition for writ of certiorari, respectfully states:

The case is reported below—129 Fed. (2d) 166.

I.

Point 1 of the Reasons Relied on in the Petition Is Not a Sound Reason for Granting Certiorari.

The point made by petitioner is that the Court of Appeals held that venue in a suit for declaratory judgment, involving validity and infringement of a patent, is fixed by 28 U. S. Code 109, whereas venue in such cases is actually determined by 28 U. S. Code 112.

Respondent's answer is

First: That the Court of Appeals did not hold that venue is fixed by Section 109.

Second: Even if the Court of Appeals had found that venue is fixed by Section 109, such finding would not be ground for this Court to take the case, nor for reversal, because the lower Courts properly assumed venue jurisdiction under Section 112.

Respondent sued petitioner in the Northern District of Illinois, under 28 U. S. C. 400, for a declaratory judgment, holding claim 5 of Patent No. 1,972,815 void and not infringed (R. 2).

Respondent is a Corporation of Pennsylvania (and not an inhabitant of Illinois), but is licensed to do business in Illinois (R. 22).

It has a regular and established place of business in Chicago (R. 503).

The correctness of that finding is not questioned, nor is it questioned that the proper representative of petitioner-corporation was properly served.

Petitioner filed a motion to quash service and dismiss the complaint on the ground that the venue was wrong, because petitioner was not an inhabitant of the district (R. 10). The motion was denied on the belief that the Neirbo case (*Neirbo* v. *Bethlehem,* 308 U. S. 165) was controlling (R. 21).

Petitioner filed answer and counterclaim for infringement (R. 22).

The lower court held the patent void (R. 282).

Petitioner, on appeal, urged error in the ruling of the lower court that the suit was in the proper district, and that it had jurisdiction (R. 308).

The Court of Appeals affirmed (R. 501).

Petitioner's first Assignment of Error (its petition and brief, p. 11) and its first point relied on for allowance of the writ (its petition and brief, p. 2), may be treated together.

The first Specification of Error is that the Court of Appeals erred in

> "finding and holding that the venue of a declaratory judgment suit concerning the validity and scope of a patent is fixed by * * * 28 U. S. C. Sec. 109."

The Court of Appeals did not *say* that venue is fixed by Section 109. However, petitioner asserts in its petition, page 2, Point I, that the Court of Appeals found that petitioner

> "has a regular and established place of business in Chicago",

and that this shows that the Court regarded Section 109 as the pertinent venue statute.

As to this Assignment of Error, and this point relied on, the position of the respondent is:

First: That the Court of Appeals did not find that venue was fixed by Section 109.

As a matter of fact throughout the proceedings in this case, respondent has agreed with petitioner that venue was fixed by 28 U. S. C. 112, and no dispute on that issue was before the Court of Appeals.

The Court of Appeals had previously held that venue in a declaratory judgment suit concerning patents was determined by Section 112.

> *Webster Company* v. *Society for Visual Education, Inc.*, 83 Fed. (2d) 47.
>
> *E. Edelmann and Company* v. *Triple-A Specialty Company*, 88 Fed. (2d) 852.

The language of the Court of Appeals in ruling on the venue question in the present case is

"The motion to quash the service was also properly

> denied; because, on the facts shown, defendant was subject to service of process in Illinois. Defendant was licensed to do business in Illinois. It maintained a place of business in Chicago, which, under the facts was a 'regular and established place of business'" (R. 503).

The ruling which was thus affirmed was in the following language:

> "On the motion to quash service, the court thinks that the Neirbo Case is controlling" (R. 21).

In the case of *Neirbo Company et al.* v. *Bethlehem Shipbuilding Corporation, Ltd.*, 308 U. S. 165, the venue was determined by 28 U. S. C. 112.

There is no reason to assume that the Court of Appeals in sustaining the lower court intended to reverse itself on the proposition that venue in a declaratory judgment suit involving a patent is determined by Section 112. If the Court of Appeals had intended to reverse itself, it would have said so.

Second: Even if the decision of the Court of Appeals indicates belief that venue in this case was determined by Section 109, there is still no ground for certiorari and no ground for reversal because venue is determined in this case by Section 112, and the lower court properly had jurisdiction of the parties under that Section, and under the Neirbo case decision.

II.

Second Specification of Errors, and Second Point Relied On.

The second Specification of Errors (Petition and Brief, p. 11) is that the

> "* * * Court * * * erred in finding and holding that a corporation which registers to do business in a State in compliance with a law of that State has

waived its right to object to venue in a case in which the general jurisdiction of the Court is not based only on the diversity of citizenship of the parties * * *."

The second point relied on, is found on page 3.

Respondent's position is that the Assignment of Error is not ground for certiorari.

First: The Court of Appeals "finding and holding" was right, and

Second: Even if venue was not originally in the Northern District of Illinois, the petitioner waived its right to question venue when it filed its counterclaim and asked the lower Court for affirmative relief.

First: The Court of Appeals Was Right in Finding That U. S. Gauge Waived Its Right to Question Venue When It Registered to Do Business in Illinois.

The parties are in agreement that—

1. The Courts below had exclusive jurisdiction of the patent subject-matter under 28 U. S. C. 41 and 371.

2. Venue is fixed by 28 U. S. C. 112 in the district where defendant is an inhabitant.

This brings us to the point where the parties differ.

Petitioner's position has been stated above.

Respondent's position is that the *Neirbo Case* is governing, and that the petitioner foreign-corporation, which qualified to do business and appointed an agent for service in Illinois, waived its right to question the venue when sued in the Federal Court in Illinois.

Neirbo v. *Bethlehem,* 308 U. S. 156.

The principle of that decision makes it applicable whether the subject-matter jurisdiction is exclusively in the Federal Courts or not.

We believe the Neirbo decision is clearly to the effect that the consent extends to the Federal Courts for all cases in which they have subject-matter jurisdiction.

The Maryland District Court has so held, in

Vogel v. *Crown Cork and Seal Company, Inc.*, 36 F. S. 74 (U. S. D. C. Maryland, 1940).

This was a suit to obtain a patent under 35 U. S. C. 63.

Bennett v. *Standard Oil Company of New Jersey*, 33 F. S. 871 (U. S. D. C. Maryland).

This was a suit under the Jones Act, 46 U. S. C. 688.

The Circuit Court of Appeals for the Third Circuit in

The Crosley Corporation v. *The Westinghouse Electric and Manufacturing Co.*, 54 U. S. P. Q. 470 (Sept. 10, 1942),

clearly indicates its view that a patent declaratory judgment suit may be brought in the State where a foreign corporation has designated an agent for the service of a process and that the designation of such an agent amounts to a consent to be sued in the Federal District Court in that State.

Even if the Neirbo case does not clearly hold that the consent extends to suits of which the Federal Courts have exclusive jurisdiction, and the Supreme Court should now hold that the consent does so extend, there is no reason for reversing the lower court.

Second: The Petitioner Waived Its Right to Object to Venue When It Filed Its Counterclaim.

After petitioner's motion attacking venue had been denied, it filed a counterclaim alleging infringement and asking for affirmative relief in the form of an injunction, and an accounting (Petition and Brief, p. 2. R. 22).

By thus asking for affirmative relief, petitioner waived its right to claim the benefit of the venue statute.

Merchants' Heating and Light Co. v. *J. B. Clow & Sons,* 204 U. S. 286.

III.

Third Specification of Errors, and Third Point Relied On.

Petitioner's third Specification of Errors (Petition and Brief, p. 11) and third point relied on (p. 4) amounts in substance to the assertion that the Circuit Court of Appeals for tne Seventh Circuit erred in basing its holding and finding

> "on its hindsight judgment, rather than on the usual evidences of invention" (Petition and Brief, p. 11).
>
> "The existence of * * * indicia of invention are submitted to have been proven in this case.
>
> "Yet it was held that the patent * * * was void for lack of invention" (Petition and Brief, p. 4).

This is not a proper ground for the granting of a writ of certiorari.

There is no assertion that the Court of Appeals failed to give full consideration to all the evidence before it. Petitioner merely complained that the Court of Appeals affirmed the lower Court's refusal to make a large number of findings of fact concerning the commercial success of petitioner's patented device.

Commercial success is persuasive only where invention is in doubt.

Paramount Publix Corp. v. *American Tri-Ergon Corp.,* 294 U. S. 464 at 474.

In this case the opinion of the Court of Appeals shows that invention was not in doubt (R. 504).

Conclusion.

There is no conflict of decision,—no application of a wrong rule of law,—and no issue of fact properly reviewable in this Court.

We respectfully submit the petition should be denied.

PENN ELECTRIC SWITCH COMPANY,
By BAIR & FREEMAN,
Its Attorneys.

W. P. BAIR,
WILL FREEMAN,
Of Counsel.

Dated October 6, 1942.

APPENDIX.

Statutes Referred To.

28 U. S. C. 41 (Judicial Code, Sec. 24).

The district courts shall have original jurisdiction as follows:

* * * * *

(7) * * * Of all suits at law or in equity arising under the patent, the copyright, and the trade-mark laws.

28 U. S. C. 371 (Judicial Code, Sec. 256)

The jurisdiction vested in the courts of the United States in the cases and proceedings hereinafter mentioned, shall be exclusive of the courts of the several States:

* * * * *

Fifth. Of all cases arising under the patent-right, or copyright laws of the United States.

28 U. S. C. 109 (Judicial Code, Sec. 48)

Patent Cases. In suits brought for the infringement of letters patent the district courts of the United States shall have jurisdiction, in law or in equity, in the district of which the defendant is an inhabitant, or in any district in which the defendant, whether a person, partnership, or corporation, shall have committed acts of infringement and have a regular and established place of business.

28 U. S. C. 112 (Judicial Code, Sec. 51)

Civil suits; * * * districts where brought * * *

(a) Except as provided in sections 113-117 of this title * * * no civil suit shall be brought in any district court against any person by any original process or proceeding in

any other district than that whereof he is an inhabitant; but where the jurisdiction is founded only on the fact that the action is between citizens of different States, suit shall be brought only in the district of the residence of either the plaintiff or the defendant * * *.

End